Entrelogic Corporation

Letter of Comment No: 3126 File Reference: 1102-100

May 25, 2004

Chairman Robert H. Herz

Director of Major Projects—File Reference No. 1102-100

Order Department, Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116

Norwalk, CT 06856-5116

Dear Chairman Herz:

The state of today's competitive business environment restricts a company's ability to reward their most productive employees with appropriate salary increases. The use of stock options allows employers to reward their employees in a more fiscally responsible way, while still rewarding hard work and results. It's a win-win situation.

But mandatory expensing of stock options is just one more invitation for U.S. business to shoot itself in the foot. Mandatory expensing would force companies to list employee stock options as an expense the moment they are issued, when everybody knows they don't cost the company a dime until they are actually exercised. Adherence to the proposed FASB standard would artificially depress profits by artificially adding to a company's reported expenses. It would also make it financially impossible for many firms to retain options as part of their compensation package.

I feel that the current plan works and does not need to be changed. I understand that you are a very busy person who does not have time to acknowledge every request from each constituent. But this is a very important issue that affects personal freedom, job stability, and economic growth. It must be addressed in order to ensure the future success of small businesses in America.

Thank you for your time and consideration.

Sincerely yours,

Komos Urdis

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